

October 1, 1998

This President and Social Security

When Will He Tell the Truth about His Actions?

Any way you count it, budget surpluses are good news. This year, for the first time since 1969, the federal budget will run a surplus estimated to be \$70 billion. Over the next 10 years, the unified federal budget — that is all federal revenues versus all federal outlays — is expected to run a surplus totaling \$1.5 trillion.

What does President Clinton intend to do with the surplus? He says he wants to save it for Social Security. But — as is almost always the case with this president — there's more to this story than what he himself has said. The reality is that he plans to spend as much of it as he can. Furthermore, this president is trying to hide his long-standing opposition to tax cuts behind the false claim of protecting Social Security.

Submerged in problems of his own making, it is no surprise that this president is seeking to shift the electorate's attention. His current solace: Social Security scare tactics. And so over the next five weeks, Americans will be subjected to a series of untruths about how the party in the White House is protecting Social Security by opposing a modest and targeted middle-class tax cut benefitting married couples, farmers, families trying to save for their children's college education, the self-employed, and small businesses.

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What Americans *won't* see discussed by this president or any of his Democratic spinmeisters is the truth: we won't hear him say that while he is using the Social Security slogan as a shield against Republican middle-class tax cuts, he is actively *seeking to spend that same surplus*.

It Begins in January: The President Misleads the American People

In January the President offered his State of the Union address pledging to "reserve 100 percent of the surplus, that's every penny of any surplus, until we have taken all the

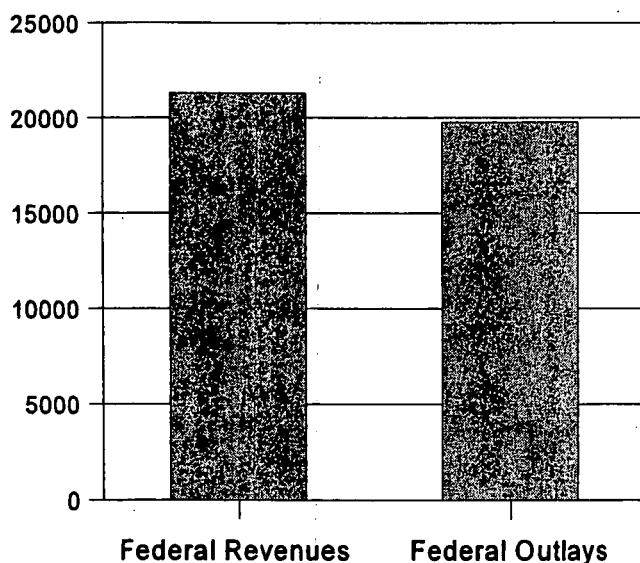
necessary measures to strengthen the Social Security system for the 21st century." Yet only days later, his own budget was delivered to Congress, proposing \$150 billion in new spending [see RPC paper, *"What this President Isn't Telling You About Social Security,"* 2/19/98].

When Clinton uttered that pronouncement to "save Social Security first," his Administration was projecting a budget surplus of \$218.7 billion over the next five years. Since then surplus estimates for the next five years have grown by \$300 billion: Current estimates by the Congressional Budget Office (CBO) place the FYs 1999-2003 budget surplus at \$518.7 billion.

Congress correctly and cautiously reacted to this good news by putting together a modest tax-cut bill aimed at taxpayers who needed it most. The 10-year \$177.1 billion tax-cut figure amounts to just 10 percent of the anticipated surplus. Meanwhile, Congress has been waiting with bated breath for the past eight months for the President's plan to "save Social Security." None came, not this year, and not in any other year of this president's nearly six years in office. Instead, he has delivered to Congress — as he has time and time again — his plan for even *more spending*: a current request before Congress asks for \$14 billion in additional un-offset spending for the fiscal year that ended yesterday!

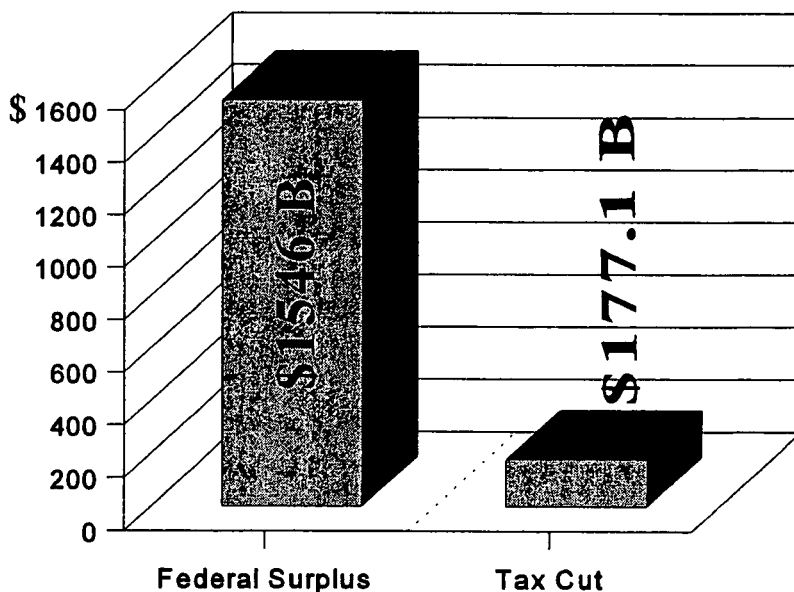
In short, Congress has come to accept a regrettable fact of life: Clinton's words and actions don't add up.

**For the First Time
in 29 Years
Revenues Exceed Outlays**



FY99 - FY2008

**Federal Surplus
vs.
House-Passed Tax Cut**



Source: CBO, 10 year figures

Clinton: Judge Him By His Actions

President Clinton has promised to veto the House-passed middle tax cut because he claims he wants to "save Social Security first." Yet:

- Only days after his Social Security pledge, he sent a budget to Congress that contained \$150 billion in new spending, according to the Senate Budget Committee. Without that new spending, the surplus would be \$150 billion larger — hardly the "every penny of any surplus" that he had pledged for Social Security.
- Pending before the Congress today is the President's request for \$14 billion in additional spending. Offered only days before the fiscal year ended, and without a dime in offsetting savings, it can only be financed by dipping into that same surplus he pledged for Social Security.

Clinton: It's Not About Social Security, It's About Opposing Tax Cuts

Many in Congress want to return some of the surplus to those overtaxed middle-class Americans who produced it. Standing squarely in their path is a president who through his actions shows he wants to spend the surplus, and who, based on his history, flatly opposes tax cuts.

- Make no mistake, the federal budget surplus is up because federal income taxes are up: income tax revenues increased \$83.7 billion or 11 percent just since last year. Despite this, Clinton has not proposed cutting taxes. Rather, his latest budget proposed *increasing taxes* by \$100 billion over the next five years.
- Despite promising a middle-class tax cut in his 1992 campaign, Clinton never proposed a tax cut — until it came time to seek reelection in 1996. And even this tax cut was erased by other tax hikes.
- Clinton raised taxes by \$242 billion — the largest hike in U.S. history — in 1993, and sought to increase them by another \$290 billion as part of his plan to nationalize the nation's health care system in 1994.
- In 1995, he vetoed the first major tax cut since Ronald Reagan was president.
- Clinton mused aloud about his 1993 tax increase: *"it might surprise you to know that I think I raised them too much, too"* [10/17/95]. What might have been humility was short-lived. On November 3, 1997, he called Virginians "selfish" for supporting a plan to reduce taxes in their state.

Clinton: Feigned Concern for Social Security and Fiscal Responsibility

He talks the talk, but then takes a walk.

- Despite promising to "Save Social Security first," Clinton has never proposed a plan to reform Social Security.
- Clinton's one and only proposal related to Social Security was to promote and sign into law a \$25 billion tax increase for some Social Security beneficiaries.
- While a series of bills have been introduced by Republicans and Democrats addressing Social Security's solvency, Congress is still — to this day — waiting on a plan from the president.
- The president also took a walk from his most important fiscal pledge: in 1992 as a candidate for president, he promised to work for a balanced budget, yet he never even claimed to offer one until Republicans took control of office in 1995.

Clinton: Truth is a Stranger

Clearly, the budget surplus allows for both taxes to be cut and for Social Security to be reformed. But, this president is true to the liberal ideology that cutting taxes is never the right thing to do, because there's always more spending to be done. This president has never seriously supported cutting taxes; rather, he raised them by a record \$240 billion in 1993; he sought to raise them more on several other occasions; and he never even proposed a tax cut of any kind until he sought reelection in 1996. His interest in taxes has been to raise them. Clinton's claimed concern for fiscal responsibility and for Social Security are similarly shams. He has never proposed a reform plan; his legacy for Social Security is his \$25 billion tax increase on some beneficiaries.

Wouldn't it be better for the nation if Clinton honestly admitted that he is opposed to cutting taxes? It has been said that the truth will set you free. It might also set free a well-deserved, modest middle-class tax cut.

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